

CHAPTER 3 LICENSED RETAILERS

[Prior to 1/14/87, Iowa Lottery Agency[526] Ch 4]

705—3.1(99E) Licensed retailers. All lottery retailers shall be licensed in the manner provided in these rules. Retailers shall abide by all applicable laws and administrative rules, the terms and conditions of the license, and all other directives and instructions issued by the lottery.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “k,” 99E.16 and 99E.17.

705—3.2(99E) Requirements for the sale of tickets.

3.2(1) Retailers shall be knowledgeable about the lottery and lottery products and may be required to take training in the operation of lottery games. Retailers shall make the purchase of tickets convenient to the public.

3.2(2) Tickets shall be sold at the price designated by the lottery. Retailers shall not sell tickets for a greater amount than the amount specified by the lottery. Retailers may sell tickets for a lesser amount for promotional purposes if authorized by the lottery.

3.2(3) No retailer or any employee or member of a retailer shall attempt to identify a winning ticket prior to the sale of the ticket.

3.2(4) Retailers shall pay all prizes which the lottery requires retailers to pay during normal business hours at the location designated on the license.

3.2(5) Retailers shall not purchase tickets previously sold by the retailer.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “c,” 99E. 9(3) “e,” 99E.9(3) “k,” 99E.16(1), and 99E.18(1).

705—3.3(99E) Display and availability of lottery licenses, rules and promotional materials provided by the lottery.

3.3(1) Retailers shall display the lottery license in an area visible to the general public wherever tickets are being sold.

3.3(2) Retailers shall display brochures, flyers, or similar items provided by the lottery which are designed to provide the rules of lottery games near the point at which tickets are sold.

3.3(3) Retailers shall display point-of-sale material provided by the lottery in a manner which is readily seen by and available to the public. Retailers may advertise and use or display other appropriate promotional and point-of-sale material. The lottery may require the removal of objectionable material or the discontinuance of objectionable advertising which may have an adverse impact on the lottery.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “k,” 99E.16(1), and 99E.16(3).

705—3.4(99E) Ticket stamping. Each scratch ticket sold by a retailer shall include a bar code which can be used to identify the retailer’s name, address and retailer number for retailer identification.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “o.”

705—3.5(99E) Ownership of tickets and other property. All instant tickets accepted by a licensed retailer are the property of the licensed retailer. Tickets which are erroneous or mutilated when received by a retailer may be immediately returned to the lottery for credit. After confirmation of delivery, the retailer is responsible for the condition and security of the tickets and for any losses resulting from tickets which become lost, stolen, or damaged. The lottery may credit retailers for lost, stolen, or damaged instant tickets if the lottery determines that the best interests of the lottery will be served by issuing a credit.

Unless otherwise indicated in writing, all lottery property provided to a licensed retailer for use in selling products, as opposed to property and tickets sold to a retailer, remains the property of the lottery. The retailer shall deliver lottery property to the lottery upon request.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “k.”

705—3.6(99E) Retailer costs and compensation.

3.6(1) Retailers shall purchase pull-tab tickets for a price equal to the retail price of the tickets less the value of prizes which the retailer is required to pay and any discounts or commissions authorized by the lottery. Retailers shall purchase scratch tickets at retail price and shall be credited for validations and commissions.

3.6(2) The lottery may impose a service fee on retailers to cover operational costs.

3.6(3) The lottery, with board approval, shall set the base amount of retailer compensation. The base amount of compensation shall be specified in the agreement between the retailer and the lottery. The lottery may increase the total amount of retailer compensation by implementing sales incentive programs. The additional compensation annually paid to retailers as a result of all sales incentive programs shall not exceed 1 percent of annual, gross lottery sales.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “a,” 99E.9(3) “c,” 99E.9(3) “k,” 99E.9(3) “l,” 99E.9(3) “n” (4), and 99E.16(6).

705—3.7(99E) Retailer payment methods. Retailers are required to pay for lottery tickets or shares by means of an electronic funds transfer from the retailer’s account. The lottery may allow a retailer to make payments by another method if the retailer can show that the electronic funds transfer system imposes a significant hardship on the retailer or if the lottery determines that the retailer’s payment history justifies use of an alternative payment method.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “k” and 99E.20(1).

705—3.8(99E) Dishonored checks and electronic funds transfers. Any payment made to the lottery by an applicant for a license or by a licensed retailer either by a check which is dishonored or by an electronic funds transfer (EFT) which is not paid by the depository shall be grounds for immediate denial of the application for a license or for the suspension or revocation of an existing license. The lottery may assess a surcharge up to the maximum allowed by applicable state law for each dishonored check or EFT. The lottery may also alter the payment terms of a retailer’s license and require a retailer to reimburse the lottery for costs which occur as a result of a dishonored check or EFT.

This rule is intended to implement Iowa Code sections 99E.9(3), 99E.9(3) “k,” 99E.16, and 99E.17.

705—3.9(99E) Retailer identification card. Rescinded IAB 8/31/94, effective 9/1/94.

705—3.10(99E) Inspection of lottery materials and licensed premises. Retailers shall allow the lottery to enter upon the licensed premises in order to inspect lottery materials, tickets, and the premises. All books and records pertaining to the retailer’s lottery activities shall be available to the lottery for inspection and copying during the normal business hours of the retailer and between 8 a.m. and 5 p.m., Monday through Friday. All books and records pertaining to the retailer’s lottery activities are subject to seizure by the lottery without prior notice.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.9(3) “k.”

705—3.11(99E) Individuals who may sell lottery tickets. Lottery tickets may be sold only by a licensed retailer or an employee of a licensed retailer who is authorized to sell lottery tickets. If the retailer is a nonprofit organization, members of the organization may also sell lottery tickets if authorized by the organization. The retailer is responsible for the conduct of its employees and members which is within the scope of the retailer’s lottery license.

This rule is intended to implement Iowa Code sections 99E.2(5), 99E.9(3) and 99E.18(1).

705—3.12(99E) Ticket sales restrictions. The lottery reserves the right to limit or terminate the sale of computerized game tickets at any licensed retail location if such sales may compromise the operation and integrity of the lottery, reflect conduct prejudicial to the public confidence in the lottery or reflect activity of an illegal nature under local, state or federal laws.

3.12(1) Plays may only be entered manually using the lottery terminal keypad or touch screen or by means of a play slip provided by the lottery and hand-marked by the player or by such other means

approved by the lottery. Retailers shall not permit any device to be connected to a lottery terminal to enter plays, except as approved by the lottery.

3.12(2) A ticket or combination of tickets which would guarantee such purchaser a jackpot win shall not directly and knowingly be sold to any person or entity.

3.12(3) An offer to buy and an offer to sell a ticket shall be made only at a location and only by a method which is licensed by the lottery.

This rule is intended to implement Iowa Code chapter 99E.

705—3.13(99E) Placement of lottery equipment. The commissioner shall determine the need for and type of lottery equipment to be installed at licensee sales outlet locations. Decisions regarding placement of lottery equipment shall be at the sole discretion of the commissioner. In the exercise of discretion, the commissioner may consider any of the following:

1. The availability of equipment.
2. The suitability of the type of equipment for the specific retail outlet under consideration.
3. The location, equipment, business type and proximity of other extant retail outlets compared with an outlet under consideration.
4. The sufficiency of existing licensed outlets to serve the public convenience.
5. Such minimum sales criteria as may be appropriate based on current market conditions.
6. The cost of equipment and potential return on lottery investment.
7. Such other factors as the commissioner may deem appropriate to the exercise of prudent business judgment in reaching a decision.

The decision of the commissioner regarding placement of equipment is solely discretionary and final.

This rule is intended to implement Iowa Code sections 99E.9(3) and 99E.16(1).

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